Joint Subcommittee on Revenue Estimates: Day 4
Insurance Tax, Consumption Taxes, and Other Sources--Comparison & Comment Sheet
($ Millions)

Revenue Source		HJ 2	January Executive	January LFD	January Total $ Diff.	Comments
Beer Tax						
	2015	3.1	3.0	3.1		
	2016	3.2	3.0	3.2		
	2017	3.2	3.1	3.2	(0.4)	
Cigarette Tax						
	2015	30.4	30.2	30.7		
	2016	30.9	30.6	31.4		
	2017	30.2	30.2	30.7	(1.8)	
Liquor Excise Tax						
	2015	19.1	19.3	19.0		
	2016	19.7	20.1	19.6		
	2017	20.4	20.5	20.5	0.8	
Liquor Profits						
	2015	10.7	10.8	10.7		
	2016	11.2	11.0	11.1		
	2017	11.6	11.2	11.6	(0.5)	
Lottery Profits						
	2015	12.6	12.6	12.3		
	2016	13.4	11.6	12.9		
	2017	14.4	10.7	14.2	(4.4)	
Tobacco Tax						
	2015	6.2	6.2	6.2		
	2016	6.4	6.4	6.4		
	2017	6.6	6.6	6.6	(0.1)	
Video Gaming Tax						
	2015	60.4	59.9	60.2		
	2016	62.7	62.1	62.5		
	2017	66.0	64.3	65.7	(2.2)	
Wine Tax						
	2015	2.3	2.3	2.3		
	2016	2.4	2.4	2.4		
	2017	2.4	2.5	2.4	0.0	

Revenue Source		HJ 2	January Executive	January LFD	January Total $ Diff.	Comments
Insurance Tax						
	2015	$63.9	$66.3	$64.4		
	2016	65.4	68.1	66.4		
	2017	66.1	70.9	67.1	$7.3	
All Other Revenue						
	2015	39.5	36.3	39.5		
	2016	36.4	40.5	36.5		
	2017	36.7	37.2	36.8	1.1	
Highway Patrol Fines						
	2015	4.2	4.4	4.2		
	2016	4.3	4.6	4.3		
	2017	4.3	5.0	4.3	1.2	
Nursing Facilities Fee						
	2015	4.9	4.8	4.9		
	2016	4.8	4.7	4.8		
	2017	4.7	4.6	4.7	(0.3)	
Public Institution Reimb.						
	2015	17.1	17.0	16.6		
	2016	17.2	17.3	16.9		
	2017	17.3	17.8	17.0	1.5	
Tobacco Settlement						
	2015	3.2	3.3	3.2		
	2016	3.1	3.2	3.1		
	2017	3.1	3.1	3.1	0.1	

Joint Subcommittee on Revenue Estimates: Day 4
Insurance Tax, Consumption Taxes, and Other Sources--Comparison & Comment Sheet
($ Millions)

Joint Subcommittee on Revenue Estimates: Day 4 Property Tax--Comparison & Comment Sheet ($ Millions)					
Revenue Source		HJ 2	January Executive	January LFD	January Total $ Diff.	Comments
Property Tax					
	2015	$249.8	$247.9	$249.8	
	2016	245.4	244.4	245.4	
	2017	255.3	253.2	255.3	($5.1)

BEER TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Beer Tax Revenue Estimate Differences
($ Millions)

FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$3.1	$3.0	$3.1	($0.1)			$0.0	
2016	3.2	3.0	3.2	(0.1)			-	
2017	3.2	3.1	3.2	(0.2)			-	
Total	$9.5	$9.1	$9.5	($0.4)	$0.0	$0.0	$0.0	

MODEL COMPARISON

- Differences are primarily due to modeling approaches
  - ○ LFD models sales and effective tax rates
  - ○ OBPP models per capita consumption

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

LFD

Montana Legislative Fiscal Division

CIGARETTE TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

| | | | | | Cigarette Tax Revenue Estimate Differences | | | |
| | | | | | ($ Millions) | | | |
FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$30.4	$30.2	$30.7	($0.5)			$0.0	
2016	30.9	30.6	31.4	(0.7)			-	
2017	30.2	30.2	30.7	(0.5)			-	
Total	$91.5	$91.1	$92.8	($1.8)	$0.0	$0.0	$0.0	

MODEL COMPARISON

- Differences are primarily due to modeling approaches
  - LFD models sales and effective tax rates
  - OBPP models per capita consumption

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

LIQUOR TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Liquor Excise & License Tax Revenue Estimate Differences
($ Millions)

FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$19.1	$19.3	$19.0	$0.3			$0.0	
2016	19.7	20.1	19.6	0.4			-	
2017	20.4	20.5	20.5	0.1			-	
Total	$59.3	$59.9	$59.1	$0.8	$0.0	$0.0	$0.0	

MODEL COMPARISON

- Differences are primarily due to modeling approaches
  - ○ LFD models sales and effective tax rates
  - ○ OBPP models per capita consumption

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

LFD

Montana Legislative Fiscal Division

LIQUOR PROFITS: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

				Liquor Profits Revenue Estimate Differences ($ Millions)				
FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$10.7	$10.8	$10.7	$0.1			$0.0	
2016	11.2	11.0	11.1	(0.1)			-	
2017	11.6	11.2	11.6	(0.4)			-	
Total	$33.5	$33.0	$33.5	($0.5)	$0.0	$0.0	$0.0	

MODEL COMPARISON

- Differences are primarily due to modeling approaches
  - o LFD models sales and effective tax rates
  - o OBPP models per capita consumption

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

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LOTTERY PROFITS: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Lottery Profits Revenue Estimate Differences
($ Millions)

FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$12.6	$12.6	$12.3	$0.3	$12.4	$12.3	$0.1	
2016	13.4	11.6	12.9	(1.3)	12.5	11.9	0.6	
2017	14.4	10.7	14.2	(3.4)	13.0	13.7	(0.7)	
Total	$40.4	$35.0	$39.4	($4.4)	$37.9	$37.9	($0.0)	

MODEL COMPARISON

- Both offices have new estimates since the January update
  - OBPP incorporated operating costs for the biennium as proposed by the lottery director
  - LFD incorporated operating costs for the biennium as adopted by the Joint Appropriations Subcommittee on General Government
- There is no longer a real difference in the 3-year estimates

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

TOBACCO TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

| | | | | | Tobacco Tax Revenue Estimate Differences | | | |
| | | | | | ($ Millions) | | | |
FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$6.2	$6.2	$6.2	($0.1)			$0.0	
2016	6.4	6.4	6.4	(0.0)			-	
2017	6.6	6.6	6.6	0.0			-	
Total	$19.2	$19.1	$19.2	($0.1)	$0.0	$0.0	$0.0	

MODEL COMPARISON

- Differences are primarily due to modeling approaches
  - LFD models sales and effective tax rates
  - OBPP models per capita consumption

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

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VIDEO GAMING TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Video Gaming Tax Revenue Estimate Differences
($ Millions)

FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$60.4	$59.9	$60.2	($0.3)			$0.0	
2016	62.7	62.1	62.5	(0.4)			-	
2017	66.0	64.3	65.7	(1.5)			-	
Total	$189.2	$186.2	$188.5	($2.2)	$0.0	$0.0	$0.0	

MODEL COMPARISON

- LFD models gambling revenues based on MT personal income
- OBPP models gambling revenues based on MT wage disbursements

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

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![LFD logo]

Montana Legislative Fiscal Division

WINE TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

					Wine Tax Revenue Estimate Differences ($ Millions)			
FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$2.3	$2.3	$2.3	($0.0)			$0.0	
2016	2.4	2.4	2.4	0.0			-	
2017	2.4	2.5	2.4	0.0			-	
Total	$7.1	$7.1	$7.1	$0.0	$0.0	$0.0	$0.0	

MODEL COMPARISON

- Differences are primarily due to modeling approaches
  - LFD models sales and effective tax rates
  - OBPP models per capita consumption

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

INSURANCE TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Insurance Tax Revenue Estimate Differences
($ Millions)

FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$63.9	$66.3	$64.4	$1.8			$0.0	
2016	65.4	68.1	66.4	1.7			-	
2017	66.1	70.9	67.1	3.7			-	
Total	$195.4	$205.3	$198.0	$7.3			$0.0	

MODEL COMPARISON

- Model approaches are different; however, the driver of the difference between the estimates is the executive's year-to-date update to the FY 2015 numbers
- LFD is open to incorporating a year-to-date, annualized number for FY 2015, but would suggest a different methodology than that employed by the executive.
  - The number assumed by the executive is based on an average collection rate through January. This average uses FY 2002-2014 which incorporates two years of data with abnormal collection patterns. Due to the equal weight afforded to those years in calculation of a simple average, this approach leads to a lower than normal collection rate, and higher year-end annualization.
  - LFD would suggest using either the median collection rate, or an Olympic average (dropping two lowest, two highest values) which would bring the January rate more in line with normal historic collection patterns.

STAFF RECOMMENDATION

Given direction from the subcommittee, LFD is comfortable inputting a year-to-date annualized number for FY 2015 but would suggest an approach other than a simple average.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

ALL OTHER REVENUE: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

| | | | | | All Other Revenue Estimate Differences | | |
| | | | | | ($ Millions) | | |
FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$39.5	$36.3	$39.5	($3.2)			$0.0	
2016	36.4	40.5	36.5	4.0			-	
2017	36.7	37.2	36.8	0.3			-	
Total	$112.6	$114.0	$112.8	$1.1	$0.0	$0.0	$0.0	

MODEL COMPARISON

- Both LFD and OBPP estimate the numerous sources contained here independently, assuming revenues would be similar per source to the most recently completed fiscal year. Remaining sources are estimated by speaking to the respective agencies that collect the tax

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

HIGHWAY PATROL FINES: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Highway Patrol Fines Revenue Estimate Differences
($ Millions)

FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$4.2	$4.4	$4.2	$0.1			$0.0	
2016	4.3	4.6	4.3	0.4			-	
2017	4.3	5.0	4.3	0.7			-	
Total	$12.7	$14.0	$12.7	$1.2	$0.0	$0.0	$0.0	

MODEL COMPARISON

- LFD uses a time series model to forecast highway patrol fines
- OBPP uses early season gas prices to forecast highway patrol fines

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

NURSING FACILITIES FEE: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Nursing Facilities Fees Revenue Estimate Differences
($ Millions)

FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$4.9	$4.8	$4.9	($0.1)			$0.0	
2016	4.8	4.7	4.8	(0.1)			-	
2017	4.7	4.6	4.7	(0.1)			-	
Total	$14.3	$14.0	$14.3	($0.3)	$0.0	$0.0	$0.0	

MODEL COMPARISON

- LFD models bed days over time using a simple linear regression
- The OBPP model assumes the average taxable bed decline for the past four years continues

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

PUBLIC INSTITUTION REIMBURSEMENT: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

Public Institution Reimbursements Revenue Estimate Differences

($ Millions)

FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$17.1	$17.0	$16.6	$0.3			$0.0	
2016	17.2	17.3	16.9	0.4			-	
2017	17.3	17.8	17.0	0.8			-	
Total	$51.6	$52.1	$50.6	$1.5	$0.0	$0.0	$0.0	

MODEL COMPARISON

- Differences are due in large part to differing assumptions of average daily population in the five facilities

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMENTS, CONCERNS OR SUGGESTIONS

TOBACCO SETTLEMENT: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

					Tobacco Settlement Revenue Estimate Differences ($ Millions)			
FY	HJ 2	January Executive	January LFD	January $ Diff.	Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$3.2	$3.3	$3.2	$0.1			$0.0	
2016	3.1	3.2	3.1	0.1			-	
2017	3.1	3.1	3.1	(0.0)			-	
Total	$9.4	$9.6	$9.4	$0.1	$0.0	$0.0	$0.0	

MODEL COMPARISON

- It is difficult to model tobacco settlement revenue precisely as the contested payment amounts vary from year to year, and occasionally (FY 2014 was the first time), contested payments may come out of litigation and add to the annual revenue
- LFD and OBPP have slightly different modeling methodologies for this source, but due to the nearness of the estimate and time constraints these differences were not fully explored

STAFF RECOMMENDATION

The three-year difference is less than $3.0 million; given current time constraints, further analysis to bridge the estimate difference is not recommended.

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS

PROPERTY TAX: SUMMARY OF DIFFERENCES & ADJUSTMENTS

The table below shows the estimate contained in HJ 2, the January estimate updates provided by the executive and LFD, and the adjustments, if applicable, made since the initial presentation to the Joint Subcommittee on Revenue Estimates.

| | | | | Property Tax Revenue Estimate Differences | | | | |
| | | | | ($ Millions) | | | | |
FY	HJ 2	January Executive	January LFD	January $ Diff.	January Adjusted Executive	Adjusted LFD	Adjusted $ Diff.	Comments
2015	$249.8	$247.9	$249.8	($2.0)			$0.0	
2016	245.4	244.4	245.4	(1.0)			-	
2017	255.3	253.2	255.3	(2.1)			-	
Total	$750.5	$745.4	$750.5	($5.1)	$0.0	$0.0	$0.0	

MODEL COMPARISON

- The property models are very similar: LFD grows property classes off of taxable value; OBPP grows property classes off of market value. This is one of the reasons this estimate is very close
- One of the bigger differences in the estimates has to do with coal gross proceeds. Upon discussion of this, it appears as though there may have been an issue with the FY 2014 number, and correcting for this brought the estimates much closer
- There is some new data, such as new protested property data, that will be incorporated into the models, but that will likely cause very similar, and slight, effects in both models

COMMITTEE COMMENTS, CONCERNS OR SUGGESTIONS